

UNITED NATIONS DEVELOPMENT PROGRAMME



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DP/PROJECTS/2871 ✓
(ELS/78/001)
10 March 1980
ENGLISH ONLY

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE GOVERNMENT OF EL SALVADOR

Industrial Promotion (ELS/78/001)

Report of the Administrator*

Date of present approval::	June 1979
Starting date of project activities:	June 1979 (excluding preparatory missions in January and March 1979)
Planned completion date:	December 1981
To be executed by:	United Nations Industrial Development Organization (UNIDO)
Government implementing agency:	Executive Directorate for Projects of the Ministry of Planning
Estimated cost of assistance planned under present approval:	\$537 000
Source of UNDP financing:	Indicative Planning Figure (IPF)

I. Background

1. Since the commencement of the Government's National Plan 1978-1982 the national development agencies and the private sector have endeavoured to generate a flow of new investment projects in the industrial and agro-industrial sectors. However, the implementation of a number of projects, listed in the National Plan, has encountered obstacles in the collection of market data, in the techniques of international marketing and in the search for sources of technical know-how. The private sector has encountered similar problems in the identification and formulation of new projects.

2. The National Plan states that by 1982 the industrial sector should have increased its share in the gross domestic product to 22.5 percent as against 14.6 per cent in 1977. In order to accomplish this goal the Government has decided to

*In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the

strengthen the industrialization process through the vigorous execution of viable pipeline projects and the identification, formulation and promotion of new industrial and agro-industrial investment opportunities.

3. The Government requested UNDP assistance to develop and to strengthen the capacity of the Government agencies involved in all stages of industrial investment promotion. Two short project formulation missions helped the Government to plan the project.

II. Objectives and activities

4. The immediate objectives of the project are to: (a) increase investment and the utilization of existing capacity particularly in export oriented industries; (b) increase the supply of non-traditional exportable products; (c) create the basis for a continued investment promotion system in the country; and (d) train personnel.

5. To this end the national and international staff working together will: (a) identify viable projects; (b) prepare pre-feasibility studies and project profiles; (c) promote projects; (d) prepare feasibility studies in selected cases; (e) revise the system of incentives; (f) identify sources of financing; and (g) organize courses, workshops and study tours. Close contact will be maintained with the private sector during all phases of the project.

III. Inputs

6. UNDP will provide, through the Executing Agency, the services of one expert in industrial promotion, one industrial engineer, one expert in financial resources and industrial consultants in specialized fields. Two associated experts will complement the international team. Additionally, UNDP will finance study tours, a vehicle and office equipment.

7. To carry out the activities for which assistance is now approved the Government of El Salvador will provide qualified personnel, and supporting staff, office space, supplies and equipment, directly to the project.

IV. Financial data

8. The expenditure components of the planned assistance are as follows:

	\$
Personnel	485 000
Subcontracts	20 000
Training	17 000
Equipment	5 000
Miscellaneous	10 000
	537 000

9. The estimated total value, expressed in US dollars, of inputs provided directly by the Government to the project is \$292,500 in kind.